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SUBJECT: VISALESS IN SEATTLE

VLADIVOSTO 00000135 001.2 OF 002

¶1. (SBU) Summary. Vladivostok Consul General Tom Armbruster's trip to Seattle last week provided a chance to encourage American companies to take advantage of an improved business climate and new opportunities in the Russian Far East. Seattle is already deeply involved in Russia through trade, cultural contacts, and NGO partnerships, but some U.S. companies remain on the sidelines due to the reputation the Far East gained in the 1990s as a place where a lot of money could be lost very quickly. CG met with businessmen, addressed the Seattle political crowd at the Foundation for Russian-American Economic Cooperation (FRAEC) annual gala, attended a press conference announcing the return of direct flights between the U.S. and the Russian Far East, and spoke at a reception at the Russian Consulate. The trip was marred by Russia's cancellation of FRAEC President and Founder Carol Vipperman's Russian visa. End summary.

No Explanation for Visa Cancellation

¶2. (SBU) Officials at the Russian Consulate in Seattle informed CG Armbruster that they had received an order from Moscow to cancel the visa of FRAEC Director Carol Vipperman, but had so far refused to sign it to protest the "insult" to one of Russia's most ardent and committed partners. CG met with Acting Consul General Dmitriy Vinogradov, who said he would convey to Moscow CG's annoyance. Vinogradov urged Armbruster to meet with the FSB in Vladivostok to determine why Vipperman had been targeted. Another consular official said the move was "not logical." Vipperman has been traveling to Russia for years on behalf of a number of programs, including the Nuclear Cities Initiative and in recent years as President of FRAEC. Her organization has just been awarded a three-year grant to develop the city-to-city program "U.S.-Russian Far East Municipal Partnership," aimed at capacity-building at the local government level. While the program can be administered by FRAEC staff and contractors, Vipperman's personal involvement is important.

Other Links Taking Off

¶3. (U) Vladivostok Avia has announced plans to inaugurate direct flights between the RFE and Alaska beginning July 7. The twice-weekly flights between Petropavlovsk-Kamchatskiy and Anchorage on brand-new 142-seat Tupelov-204 aircraft will operate only during the summer season, through September 15. Vladivostok Avia officials say they believe many public officials, businessmen, and tourists will use the flight "connecting the booming Russian Far East" with the closest U.S.

state. As with all travel in the region, these flights will not be cheap. Round trips will cost 1,890 USD for economy tickets and 3,690 USD for business class. (Note: These prices are roughly equivalent to those Khabarovsk-based Dalavia was considering before it abandoned plans to fly the same route earlier this year. Currently the only way to fly on one carrier between the RFE and the U.S. is via Korean Air (from Vladivostok) or Asiana (from Khabarovsk or Yuzhno-Sakhalinsk); both require a layover, overnight for East bound travelers, in Seoul. Based on the Consulate's experience, the price of an advance-purchase economy ticket on Korean Air from Vladivostok to Los Angeles ranges between 1,500 and 2,000 USD. Vladivostok Avia's flights will thus be competitive for those wishing to fly directly to Alaska, but will not likely be able to compete with the Korean carriers for onward travel to the Continental U.S. End note.)

¶4. (U) FRAEC hosted an annual dinner and commemoration of the bicentennial of U.S.-Russian diplomatic relations on December 4.. Former Washington Secretary of State Ralph Munro was the Master of Ceremonies for the 150 or so guests. Munro, who his Order of Friendship medal from the Russian Federation, thanked many participants for their years of service in bringing the U.S. and Russia closer together. CG Armbruster and Acting Russian CG Vinogradov delivered keynote remarks. Armbruster told the group that this is the best time since 1998 to do business in the Russian Far East, and he listed the many opportunities that the region's governors provided in advance specifically for the FRAEC assembly. Participants viewed a seven-minute music and photograph collection featuring highlights of the Vladivostok Consulate's 15-year modern history, assembled by the Consulate's Public Affairs Staff. Vinogradov talked about the big picture in U.S.-Russian relations, from Kosovo to missile defense, and stressed that it is natural for two great countries to have differences, but the differences need to be discussed with mutual respect. Vinogradov previously served in San Francisco and this is his second tour in Seattle. His son is attending university in

VLADIVOSTO 00000135 002.2 OF 002

Washington and has married an American citizen. Vinogradov also hosted a reception later in the week in the impressive Consulate mansion.

¶5. (U) CG Armbruster held separate meetings at the U.S. Commercial Service offices with a half-dozen U.S. companies interested in doing business in the Russian Far East, including a firm looking to buy a dry dock in Russia, several international shipping companies, a wood processing firm, and commercial fishing enterprises. CG has provided FCS in Vladivostok with all contact information and is working to follow up with the firms. The Russian Trade Representative at the Russian Embassy in Washington, D.C., Andrey Dolgorukov, also attended the events and was upbeat about the prospects for more trade and business. CG also met with U.S. District Court Judge John Coughenour, who worked for many years on judicial training programs in Russia, and will be making a trip to the RFE in the spring.

Comment

¶6. (SBU) The two-steps-forward, one-step-back pattern in U.S.-Russian relations is as evident in this region as it is in Moscow. A possible step forward may present itself this week when Primorye Governor Sergei Darkin travels to Washington, D.C., to promote his region and attract U.S. investment. While the general trend is in the right direction, it is obvious that there are some who resist every step forward. Post appreciates the Embassy's and Department's support in getting FRAEC President Vipperman back into the good graces of the Russian government to allow her to continue to advance programs that provide real benefits for Russian citizens, while advancing the goals of U.S. foreign policy in the Russian Far East.
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